

problems, with the most severe being the failure of the IHS and the BIA to fully pay contract support costs associated with carrying out these Federal Government programs under duly-executed contracts. This failure has amounted to a cruel hoax on the Native American people being served under these contracts.

Let me explain.

Mr. Speaker, the programs that have been turned over to Alaska Native and American Indian operation have from the beginning been severely underfunded. A recent study by the Indian Health Service shows that IHS programs, which are currently funded at roughly \$2 billion, are still \$13 billion short of meeting the health care needs of Indian and Alaska Native people. BIA funding is not much better. The tribal contractors therefore know that when they enter into a contract to operate a federal program locally, they will only be receiving a meager amount to meet the overwhelming needs of their communities. But what has made the situation much worse for these courageous tribal contractors, is that the agencies have forced the contractors to absorb the administrative costs of operating the Federal Government's own programs. The net effect is that there is even less available in these woefully underfunded programs to meet local needs.

Mr. Speaker, this should not be. In any other area where the Federal Government negotiates contracts with the private sector, the Federal Government fully pays the contractor's audited general and administrative overhead costs. Indeed if the government fails to pay, it can be held liable in a court of law. But somehow when it comes to Native American contractors, the Government thinks it's alright to change the rules, to break the contract, and to deny any liability regardless of the impact on the local people being served. Tribal contractors are made to be second-class contractors. Mr. Speaker, this is not right, and the bill I introduce today will put an end to this practice.

In addition, the bill will overcome a number of the more technical problems that have plagued this system. Just one example will make this clear.

Most Native American contractors administering IHS and BIA programs run a wide range of other federal programs too. For most tribes, the Interior Department's Office of Inspector General determines a reasonable and necessary administrative overhead rate required to carry out all these programs, using strict guidelines issued by the Office of Management and Budget. Under the controlling OMB circulars, each federal agency entering into contracts or grants with that tribal contractor is then required to abide by the government-wide indirect cost rate set by the OIG.

This system would be fair to the Federal Government, fair to all of the funding agencies, and most importantly fair to the tribal contractors themselves, if everybody played by the OMB Circular rules. But many federal agencies do not. They either ignore the government-wide rate that has been determined by the Inspector General, or they recognize only a fraction of the rate. Once again, the Native American contractors are left holding the bag. In 1998, a ten-year-old class action lawsuit against the Federal Government was

eventually settled for over \$70 million over this failure alone. The bill I introduce today assures that no such liabilities will ever recur in the future.

Further, this bill will clarify the rules governing the expenditure of contract funds; initiate a new measure to maximize efficiency in tribal program operations, improve Federal administration of the Act; clarify the rules governing the computation of contract support costs; provide the Federal agencies more time to plan for the transfer of Federal programs to tribal operation; and strengthen the Act's enforcement measures.

Mr. Speaker, in recent years I and many of my colleagues have worked very hard to correct the inequities in the contract support cost system. We have done this because that system is integral to the success of our country's overall Indian Self-Determination Policy. I believe firmly in reducing the size of the Federal bureaucracy. I believe firmly in maximizing local control. I believe firmly in the sanctity of our Government's private contracts with Indian and Alaska Native contractors. And I believe firmly that the Nation's Indian Self-Determination Policy must be corrected so that there is no longer an unfunded mandate that is paid for out of the very same trust programs that serve the neediest of the needs of our First Americans. I therefore urge that my colleagues on both sides of the aisle join me in seeing that this important legislation is enacted as swiftly as possible.

FLOOR STATEMENT FOR TRIBAL CONTRACT SUPPORT COSTS TECHNICAL AMENDMENTS OF 2000

HON. J.D. HAYWORTH

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 30, 2000

Mr. HAYWORTH. Mr. Speaker, today my colleague Congressman DON YOUNG, Chairman of the Resources Committee, is introducing the "Tribal Contract Support Costs Technical Amendments of 2000." I am proud to be an original cosponsor of this legislation which would make technical amendments to the contract support costs provisions of the Indian Self-Determination and Education Assistance Act.

Over the past two years, the House Resources Committee has focused substantial attention on the problems associated with ongoing shortfalls in payments to tribes for contract support costs. The committee has not taken on this task without assistance. The National Congress of American Indians, the Bureau of Indian Affairs (BIA), the Indian Health Service (IHS), and many tribes have reviewed the matter and have assisted in developing a long-term solution.

In 1975, Congress firmly launched the nation on a course of Indian self-determination by enacting the Indian Self-Determination and Education Assistance Act. An important goal was to begin dismantling part of our highly inefficient federal bureaucracy by turning over the daily operation of Native American programs to the tribes and tribal organizations.

Twenty-five years later this Act has proven to be a resounding success. All across the country, tribes and tribal organizations are administering contracts to operate the federal government's hospitals, clinics, and many other programs.

Despite its successes, the policy of self-determination has been consistently plagued by problems, with the most severe being the failure of the IHS and BIA to fully pay contract support costs associated with carrying out these federal government programs under duly-executed contracts.

A recent study by the IHS shows that IHS programs, which are currently funded at roughly \$2 billion, are still \$13 billion short of meeting the health care needs of Indian and Alaska Native people. BIA funding is not much better. The net effect is that there is even less available in these woefully underfunded programs to meet local needs. This is not right.

The "Tribal Contract Support Costs Technical Amendments of 2000" will clarify the rules governing the expenditure of contract funds, initiate a new measure to maximize efficiency in tribal program operations, improve federal administration of the Act; clarify the rules governing the computation of contract support costs; provide federal agencies more time to plan for the transfer of federal programs to tribal operation; and strengthen the Act's enforcement measures.

I urge swift consideration of this proposal to ensure that Congress' support for Indian self-determination continues.

INTRODUCTION OF THE EDUCATION OPPORTUNITIES TO PROTECT AND INVEST IN OUR NATION'S STUDENTS (EDUCATION OPTIONS)

HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 30, 2000

Mr. GOODLING. Mr. Speaker, today I am introducing the Education OPTIONS Act, the last component of the House's reauthorization of the Elementary and Secondary Education Act (ESEA). The Education OPTIONS (Opportunities to Protect and Invest in Our Nation's Students) bill would allow states and local school districts unprecedented authority to transfer federal funds among programs to better meet their needs.

This bill makes significant improvements in the remaining programs in ESEA, streamlines programs, reduces bureaucracy, and increases dollars going to the classroom. We continue our focus on quality, as well as local and parental empowerment.

Education OPTIONS includes a provision to allow States and local school districts to transfer Federal funds among major programs in order to better meet their unique circumstances, including targeting students with the greatest academic needs.

I continue to believe that state and local educational agencies, along with parents, are in a better position than we are in Washington to determine how best to use federal funds to help students improve their academic achievement. Education OPTIONS puts the priority on children rather than federal regulations.